

Economic Development Incentive Program
INCENTIVES FOR JOB CREATION PROJECTS
PRELIMINARY GUIDELINES

Massachusetts Office of Business Development
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Overview

The Economic Development Incentive Program (EDIP) is a tax incentive program designed to foster job creation and stimulate business growth throughout the Commonwealth. Participating companies may receive state and local tax incentives in exchange for job creation, manufacturing job retention and private investment commitments.

Until recently, the amount of the EDIP investment tax credit was in all cases determined by the size of a company's capital investment as well as the job creation. If a company was creating new jobs without making a significant investment in a new building or facility, the incentives were of limited value. That recently has changed. An Act Promoting Economic Growth Across the Commonwealth, signed by Governor Patrick in August, 2014, created a new category of project eligible for EDIP incentives—the job creation project.

A job creation project is a project or investment by a business that is located or will be located in Massachusetts and that:

- Generates substantial sales from outside of the commonwealth;
- Does not involve a significant investment in the construction or expansion of an existing facility where new jobs will be located; and
- Generates a net increase of at least 100 permanent full-time employees within 2 years and maintains those jobs in existence for a period of not less than 5 years.

A certified job creation project is eligible for a state tax credit equal up to \$1,000 per new job created, or up to \$5,000 per new job created if the project is located in a Gateway municipality. By statute, there is a cap of \$1,000,000 per project.

Targeted Companies

The Patrick Administration proposed the creation of the job creation project so that the Commonwealth could compete to attract companies planning to create a significant number of new jobs without making substantial capital investments in new buildings and facilities—a particularly common scenario for technology companies.

For the initial round of tax credits, MOBD is targeting companies in the technology sector—that is, companies focused on the research, development or distribution of technologically-based goods and services. By way of example, the technology sector includes (but is not limited to) businesses involved in the manufacture of electronics; creation of software, computers or related products and services; information technology; e-commerce; big data and cloud computing; robotics; and technical support call centers. Because the new program is a particularly good fit for this sector, and in consideration of the fact that MOBD has not had a particularly effective program to offer incentives to companies growing jobs in

these areas, the initial implementation phase of the Job Creation Project program has been designed to concentrate specifically on the technology industry, with a broader rollout to follow in the future.

Tax Credit Awards

A company that undertakes a certified job creation project is eligible for up to a maximum of \$1,000,000 in tax credits. The maximum award is available to a company that creates 1,000 new jobs, or 200 new jobs in a Gateway municipality.

However, the EDIP is subject to a total overall cap of \$25 million per year. Of this amount, MOBD intends to allocate approximately \$2,500,000 to job creation projects in the first year. In order to meet the expected demand, and to support job growth in different regions of the Commonwealth, MOBD expects that in most cases a company's tax credit award will not exceed \$250,000 for a project in non-Gateway community and \$500,000 for a project in a Gateway City.

MOBD will recommend approval of a job creation proposal that will create at least 100 new jobs by December 31, 2015. Provided that 100 new jobs have been created by that date, credits can be claimed on income earned in calendar year 2015.

Application Process

The application process begins with the submission of a letter of intent to the MOBD Regional Director. That letter of intent is followed by a preliminary application to MOBD. MOBD reviews the preliminary application to confirm whether the applicant meets the program's eligibility requirements. Qualified applicants receive a Supplemental Application for consideration by the EACC. Applications must be submitted by the posted deadline for consideration at the corresponding EACC meeting.

EDIP projects are presented for consideration at the quarterly meetings of the Economic Assistance Coordinating Council (EACC), which are typically scheduled for March, June, September, and December each year. A company interested in incentives for a job creation project should prepare for submitting an application to the EACC well in advance of the quarterly application deadlines. A representative of the company should contact the applicable MOBD Regional Director at the earliest point possible to discuss project eligibility and ensure that the project submits a timely and complete documentation package for consideration at the intended EACC meeting.

Contact Information

For further information about the incentives available to a job creation project, please contact:

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